

ID: CCA_2010122915474116

Number: **201104043**

Release Date: 1/28/2011

Office:

UILC: 6707A.00-00

From:

Sent: Wednesday, December 29, 2010 3:48:10 PM

To:

Cc:

Subject: RE: TWO QUESTIONS ON 6707A RECALCULATIONS

If the section 6707A penalty is not paid within 21 calendar days from the date of the notice and demand for payment of the penalty, interest shall be imposed on the penalty amount for the period from the date of the notice and demand to the date of payment.

I.R.C. § 6601(e)(2)(A). If the penalty equals or exceeds \$100,000, interest will begin to accrue on the date of the notice and demand unless the penalty is paid within 10 business days of the notice and demand. Interest should accrue from the initial date of notice and demand, rather than the date of the recalculated penalty. Of course, if any portion of the penalty is abated as a result of the legislation reducing the penalty, the related interest on that abated portion should also be abated.

Please let me know if you have any other questions.